

SNOHOMISH COUNTY PUBLIC TRANSPORTATION BENEFIT AREA
DBA COMMUNITY TRANSIT
Snohomish County, Washington
January 1, 1993 Through December 31, 1993

Schedule Of Findings

1. Controls Over Community Transit's Cash Receipts Should Be Strengthened

During our audit of cash receipts at Community Transit we observed the following weaknesses:

- a. The cashiering assistant has unlimited access to the vault and the cash compartment of the safe within the vault. Keys are kept in the cashiering assistant's desk.
- b. The daily automated system cash reports are not being reviewed and compared to the daily cash deposit. Differences are not investigated at the time of the cash count.
- c. The staff assistant opens the mail by herself. The mail often contains cash receipts. She will restrictively endorse the checks, fill out the deposit slip, and input all deposits into the computer system. These duties are incompatible.
- d. Reconciliations between the monthly pass report, which shows all of the passes sold by an agent and the letter of transmittal, which shows all of the passes sent to the agent, are not being performed in a timely manner.
- e. All passes returned to Community Transit are immediately shredded so reuse cannot occur. However, no record is maintained of which passes are shredded.

These weaknesses decrease the accountability over the cash receipting system. In addition, it could allow errors and/or inconsistencies to occur without being detected in a timely manner.

We recommend that transit officials implement the following:

- a. Segregate the possession of keys to the vault and the cash compartment. One of the keys should be kept in the safe at the main office and the other key should remain with the controller. A log should be maintained to record use of the key.
- b. Review the management reports and compare them to the daily cash deposits on a daily basis. Any large variances should be investigated.
- c. Segregate cash handling from the related record keeping duties. Also, all of the mail should be opened by two people and a log should be kept of the checks and cash received.

- d. Perform reconciliations between the letter of transmittal and the money and passes received via the monthly pass reports in a timely manner to ensure all funds due are received.
- e. Maintain a log of the sequentially numbered shredded passes.

2. Controls Over Community Transit's Vouchers Payable System Should Be Strengthened

Our review of vouchers payable disclosed the following weaknesses:

- a. Of the 22 requisitions tested during our audit, 7 were dated after the vendor invoices were received. The purchasing manager failed to sign 5 of the 22 requisitions.

Requisition No. T-2-0097 was dated on September 15, 1993, and was paid on April 23, 1993. The requisition was for \$155,254. The requisition lacks both the purchasing manager's and the finance director's signatures.

We recommend all of the requisitions be filled out in their entirety with all of the necessary signatures required by the transit's May 1993 resolution. We further recommend that all requisitions be filled out before an item is actually purchased to show proper authorization and budget capacity.

- b. An unnumbered invoice from a vendor was accidentally paid twice through the voucher payable. This occurred because the two accounting assistants who enter data have no specified consistent way to enter unnumbered invoices. If the reference numbers are not exactly alike, the computer system will not pick it up as an invoice already paid. The accountant caught the error and the transit recovered the money from the second payment.

We recommend specific written procedures be developed to provide guidance to entry operators as they process unnumbered invoices.